



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

REDEVELOPMENT COMMISSION

January 19, 2016

Members Present:

Bob Heuchan	President
Richard Wertz	Vice President
BJ Deppe	Secretary
Keith Fox	Member
Danny Vaught	Franklin Community School Corporation Representative

Others Present:

Krista Linke	Director of Community Development
Julie Spate	Recording Secretary
Rob Schafstall	Legal Counsel

Call to Order:

Bob Heuchan called the meeting to order at 8:00 a.m.

Election of Officers

President: Richard Wertz nominated Mr. Heuchan for President. Keith Fox seconded. The nomination was approved.

Vice President: BJ Deppe nominated Mr. Wertz. Mr. Fox seconded. Approved.

Secretary: Mr. Wertz nominated Mr. Deppe with a second from Mr. Fox. Approved.

Mr. Heuchan welcomed Mr. Fox to the commission by appointment of City Council.

Appointment of Legal Counsel

Mr. Deppe nominated Rob Schafstall to continue as legal counsel. Mr. Wertz seconded. The nomination was approved.

Approval of Minutes:

Mr. Wertz made a motion to approve the December 15, 2015 minutes. Mr. Fox seconded the motion. The motion carried.

Old Business:

Hetsco, Inc./Shell Building: Tax Issue

Mr. Schafstall has spoken with both attorneys. There is no resolution yet but Mr. Schafstall will continue to work on it. Mr. Wertz asked if Jeff Peters should or did analyze this scenario. Mr. Schafstall said no

and further explained that the farm landowners deeded the property to the RDC. RDC deeded it to Runnebohm. Runnebohm built the shell building and sold it to Hetsco. When the building was completed, it was reassessed. That caused roughly a \$50,000 swing on Hetsco's taxes. Hetsco doesn't feel it should be responsible for that swing. Mr. Heuchan asked who would have been responsible for the tax payment had the property not sold and RDC or Runnebohm were still in possession of the property. Mr. Schafstall identified the RDC but with the stipulation that had it sold early, it would not have been the RDC. When it happened the RDC did not own the property and it was not included on the final close out provided by Runnebohm and approved by RDC. Mr. Fox asked about any ethical obligations. Mr. Schafstall said no, believing it to be a legitimate question with different views on what should happen. Mr. Heuchan suggested Mr. Peters for an independent, third party opinion on who should be responsible for this. Mr. Schafstall will report back next month. Ms. Linke confirmed that as it stands currently, Hetsco has paid the taxes.

Shell Building 2 Update:

Mr. Schafstall outlined the steps per a handout provided, showing a seven- to nine-month process. Mr. Wertz met with some of the parties and Rob Henderson and explained that for the first shell building, an RFQ or RFP was set up and sent out to three people, two were interviewed and decision then made. Mr. Wertz considers that the correct way to approach the situation this time. There is an area near the property that is a wetland and Mr. Wertz wants to find out if something could be done with it. He will have a conversation with the Linville family to get their feedback. Mr. Wertz sought clarification on the construction of the building four to six months after the resolution. Ms. Linke asked Mr. Schafstall about putting together the requests for qualifications for review at next month's meeting. Mr. Wertz concurred.

97 E. Monroe Street Update: Aleks Davis

Mr. Heuchan reported seeing scaffolding on the Monroe Street side of the building. Mr. Davis presented a B2S Labs update with a PowerPoint presentation showing the interior and exterior finished products and proposed timeline with a June 1, 2016 move in date. The most significant change will be the removal of the pavement parking area, and replacing it with green space. Phase one of construction began in December and is expected to be completed in April. Phase two will focus on the building interior and will begin in February.

Creation of New TIF District-Timeline Update:

Ms. Linke presented the updated map showing all the parcels along US 31 from the Knollwood Farms sub-division to Jefferson Street, covering both the north and south sides of Jefferson Street at the 31 intersection. Exhibits B & C remain the same. The timeline was also updated. RDC will present at the February 16th Plan Commission, to City Council March 7th and back to RDC at the April 19th meeting. These changes were a result of some notification issues as communicated to Ms. Linke by Rick Hall. Danny Vaught clarified Exhibit A to be where the TIF funds can be spent and Exhibits B and C are the areas TIF funds are taken from. Ms. Linke confirmed. Mr. Wertz asked if the commission was moving forward to accepting the timetable. Mr. Deppe responded that the Plan Commission and City Council will review the proposal at their next regular meetings.

New Business:

I-65 Interchange Plan Update: HWC

Corey Daily with HWC and Rex Dillinger presented an update on both timeline and design with presentation boards. The project will tie in at the new Eastview roundabout. Phase four will be let in

2018. The Country Club Lane driveway onto King Street was originally phase one in the contract, but with a couple of design changes, this will now be bid with the phase two project. Moving east towards the I65 interchange is phase three all the way to Fairway Lakes Drive. Phase two bid package includes Fairway Lakes Drive, a new intersection at Fairway Lakes, all improvements along King Street to I65 and Paris Drive reconstruction. Phase two is scheduled to go to bid in March. There will be a Franklin city limestone sign wall set along the trail through the Paris Drive and Lovers Lane intersection after the gateway towers. Down from the city sign wall will be a trailside limestone community sign wall with community logo medallions. There will be two 36' gateway towers, one each on the north and south sides of the road. Each four-sided tower will have themes -- city of Franklin, education, community and recreation.

Mr. Heuchan asked when roundabout construction will start. Mr. Daily said it will be first, so likely late April/early May. Mr. Heuchan reminded this is all being paid out of the bond proceeds. Mr. Underhill presented a couple unexpected situations encountered requiring a bit more work than originally planned. The state department of transportation is requiring a more in-depth examination of the existing pavement and that has incurred an additional \$4295 in geo-technical engineering and investigation along the corridor. A second item is that Franklin went in to the project understanding there was no new right of way and no existing environmental issues which there aren't. In the past this scenario has dictated proceeding with environmental document #1 or CE1. INDOT decided Franklin is a CE3 and gave some additional requirements to us in the amount of \$12,890. A supplemental contract for \$17,185 in additional geotechnical and environmental services needs to be worked through. Mr. Schafstall explained it does not need to be advertised but standard practice is a written resolution to come before the commission for consideration. Mr. Deppe made a motion to authorize preparation of a resolution for \$17,185 plus the cost of publication for next month's meeting. Mr. Wertz seconded and the motion was approved.

Resolution 2016-01: Right-of-Way Land Costs for Reconstruction of Jefferson Street

Trent Newport reported that this project is still on schedule for a July letting through INDOT. Phase one is to begin in August, from the gas station across from Paris Auto over to Main Street. Currently the right of way purchasing process is underway from 31 to Eastview. The last public meeting before construction is tentatively set for April 27 at Beeson Hall. The budget was set over a year ago at \$200,000 on the RDC cash flow report, and Mr. Newport feels it will be well within that. Mr. Wertz asked if they anticipate any more surprises with the right of way in the future. Mr. Newport doesn't foresee any. Mr. Heuchan brought up the parcel at the corner of Jefferson and South Jackson streets. Mr. Newport responded that this parcel is owned by the RDC. There is the parking lot west of the courthouse and also the new parking lot that was built separated by an alley so they are deemed two separate parcels. A sliver take is needed on both parcels. It is a two-foot strip and doesn't get into either parking lot. The sidewalk along the south side of Jefferson going west on Jackson is not in the public right of way. Mr. Newport appealed to the RDC to donate these slivers to the city of Franklin. Mr. Heuchan interjected the plan for a February 1st specially called meeting for approval of the payments on the bond issue and this could possibly be pulled in to that meeting. Mr. Newport affirmed that meeting or the next regularly scheduled meeting would be fine. Mr. Heuchan directed today's motion would be for Mr. Schafstall to put everything together for approval.

Mr. Deppe made a motion to read Resolution 2016-01 by title only. Mr. Fox seconded. The motion passed. A public hearing was held. A motion to approve the resolution was made by Mr. Deppe and a second by Mr. Fox. The motion passed. A motion for Mr. Schafstall to work with Mr. Newport and

prepare documents was made by Mr. Deppe with a second by Mr. Fox. The motion passed. Mr. Newport asked if it could be included at the February 1 meeting.

Mr. Schafstall explained two bond payments are due this year, the first on February 1st, which needs a ten-day legal advertisement. The February 1st special meeting could approve the year's worth of bond payments and the Clerk-Treasurer's office can wire the money after the meeting. With a special meeting, things can be added to the agenda, but anything discussed at such a meeting does have to be on the agenda beforehand. Mr. Heuchan doesn't want too much else added to the agenda. The meeting was confirmed for Monday, February 1st, at 8:00 a.m.

Resolution 2016-02: Legal and Financial Fees and Expenses Related to 2016 Projects

Ms. Linke explained this to be an annual resolution to cover legal fees, public notifications and financial reviews. The amount is \$50,000. Mr. Wertz moved to read by title only and Mr. Deppe seconded. The motion passed. A public hearing was held and then a motion made by Mr. Wertz to approve the resolution. A second was made by Mr. Deppe and the motion passed.

Resolution 2016-03: Building Utilities and Maintenance Expenses for 2016

Another yearly resolution, Ms. Linke explained this to cover utilities and maintenance costs for the parking lot at the corner of West Jefferson and Jackson Streets. This resolution is for \$35,000 and has come in well under the past several years. A motion to read by title only was made by Mr. Deppe, a second by Mr. Fox. The motion passed and a public hearing was held. Mr. Deppe made a motion to approve the resolution and a second by Mr. Fox. The motion passed.

Resolution 2016-04: \$200,500 for an Economic Development Agreement with 84 Lumber and Pierce Hardy Limited Partnership

Mayor McGuinness welcomed 84 Lumber to Franklin. They need an enhanced rail spur and the \$200,500 identified for that was part of Franklin's incentives for 84 Lumber. Frank Kelcha described the nature of the facility and work, suggesting they would be hiring around 100 employees and the need for their \$200,500 property enhancement request. The motion to read by title only was made by Mr. Deppe with a second from Mr. Wertz. The motion passed. A public hearing was held. Mr. Schafstall has been working with corporate counsel Cheri Bomar to create the economic development agreement to bring before the board at next month's meeting. Mr. Deppe made a motion to approve the resolution. Mr. Wertz seconded. The motion passed. The mayor thanked Cheryl Morphew, Dana Monson and Krista Linke for their work on the project.

157 Holiday Place Redevelopment Incentive

Mayor McGuinness introduced Brian Nentrup, owner and founder of Hoosier Brewing Company. Trent Petro has purchased the millennium building by the I65 interchange and made some exterior upgrades making it more attractive to potential new tenants. The mayor thanked Tara Payne of Discover Downtown Franklin for her help with this contact as a vendor from last summer's Beer and Bluegrass Festival. Mr. Nentrup explained their business and the desirability of the building itself for them, using a portfolio of handouts. He also described their brewery product and how it will market the City of Franklin by their labeling including that product is brewed in Franklin, Indiana. He gave reasons why the building is attractive to them – availability, great looking façade and visibility from the interstate. They will have approximately 50 employees in their workforce between the next one to five years. They are involved with non-profit causes. They need assistance in three areas:

1. Construction Costs – The investment is perpetual as it will stay in place in the building.

2. Essential Equipment – They report they will bring \$500,000 in investment. They need the “bling factor.”
3. Canning Equipment – This will result in more jobs and impact other significant pieces of the business.

Their proposed timeframe is three to four months.

Mr. Heuchan confirmed this would come out of the bond proceeds and Mr. Schafstall said it didn't need to be advertised. Mr. Heuchan asked what their investment was and Mr. Nentrup reported it to be about \$500,000. Ms. Linke asked for clarification on construction costs vs. actual equipment. Mr. Nentrup explained \$124,800 for construction, essential equipment at \$68,000 and canning equipment for \$55,000. The mayor added that at the time of communication sent to the commission, only the construction costs were included at a maximum of \$138,000. Ms. Linke reported the resolution is drafted at \$138,500. Mayor McGuinness explained that to be the number he had after their Friday meeting together but Mr. Nentrup has revised the numbers to a lower amount of \$128,000. Mr. Fox asked if the actual number before the RDC is \$248,650. The mayor suggested the ability to discuss but reminded that whatever construction monies are spent on the building stay with the building. Mr. Wertz asked if the use of 5800 square foot for the restaurant out of the total 8000 sq. ft. allows enough production space even with growth potential. Mr. Nentrup confirmed their ability to produce in that space for the next two to three years. Expansion planned for the next three to five years would cause them to no longer fit in the building. The plan would be for that location to remain a restaurant and tap room, and a production space to be secured nearby. Ms. Linke explained that due to alcohol production there is no opportunity for tax abatement. This is the only way to provide any incentive to them. Mr. Wertz reviewed their start with two-thirds of the facility and hope to expand to all of it in the future. Mr. Nentrup confirmed but with also the vision of a purchase of a nearby area for a large production facility. Mr. Fox reviewed the many current locations of their product and Mr. Nentrup highlighted 80 restaurants currently carrying their product. Mr. Heuchan spoke of following the lead of the mayor on bond projects and with his endorsement feels positive about the opportunity. Mr. Wertz asked the mayor if he was supportive of RDC passing the resolution for \$138,000 investment in the construction. Mayor McGuinness encouraged approving the resolution as presented so production already underway is not slowed down. Mr. Deppe reviewed with the mayor the possibility of discussions regarding further incentives and the mayor confirmed that possibility. Mr. Deppe made a motion to read by title only. A second was made by Mr. Wertz. The motion passed and a public hearing was held. Mr. Fox made a motion to approve the resolution. A second was made by Mr. Wertz and the motion passed.

Jefferson and King Street Construction Field Office Discussion

Mayor McGuinness presented the need for a field office for this project for three to four years that will not disrupt normal business. This is one of the projects Mayor McGuinness had in mind for a portion of the \$2 million dollars set aside for downtown redevelopment. The building has not been used for at least 20 years and is a literal shell building. Upon acquisition, for the first three or four years it would be the field office for the Jefferson Street and King Street construction project and upon completion, Franklin would have a building ready to receive a new business. Federal highway and INDOT dollars would be used to pay rent during this time. Mayor McGuinness sees this as an opportunity to capture rent dollars and have ownership from the Franklin Development Corporation. Initial estimates suggest up to \$200,000 will be needed to make necessary upgrades including HVAC, plumbing, electrical, restrooms, flooring, windows, etc. The Jefferson and King Street project will begin construction in April. FDC would own the property through its life of three to four years as a field office and then sell it to a potential business. The mayor's vision is that FDC would purchase and own the building and lead the remodel process with proceeds from the TIF bond. FDC President Mr. Mercer presented as well. The

general consensus is that FDC does have an interest in this project. There is some environmental remediation needing done at approximately \$7,500 in cost. The second floor will have to be addressed at some time in the future as well. Ms. Linke explained next steps to be an economic development agreement with the FDC, a resolution appropriating the funds to purchase the property and then a budget for the renovation. Mr. Heuchan asked if more information regarding prospective costs and any potential environmental issues should be sought. Mr. Wertz asked if there is adequate parking and if costs and environmental issues could be identified and presented by the February 1st meeting agenda. The mayor assured he has those costs available now and there is adequate parking with a rear fence removal providing approximately seven to eight spaces. The asking price on the building is \$129,000. The listing agent had an environmental remediation group go through the project and the necessary work came in at around \$7,500. Construction costs are initially estimated at \$200,000. Ms. Linke reported that a phase one and two have been done on this property previously through a grant the city administered in 2004-2005. The environmental rehabilitation estimate is based on those documents. Mr. Fox sought affirmation that the rent dollars would go to FDC providing them operation dollars. Mayor McGuinness identified average rent to be around \$1,250-1,500/month. Mr. Heuchan asked if a resolution and advertisement for the February 1st meeting would work and the mayor responded they would make it work. Mr. Deppe asked what dollars are being sought. Mayor McGuinness would recommend advertising for \$350,000 from the bond proceeds. A motion to direct Mr. Schafstall to prepare a resolution was made by Mr. Deppe and a second by Mr. Fox. Ms. Linke suggested securing one more construction estimate by the February 1 meeting. The motion passed. Mr. Wertz asked if resale dollars would go back into FDC programming budget. Mayor McGuinness and Mr. Mercer confirmed that would be their intent.

Resolution 2016-05 & 2016-06: In Recognition of the Community Service of Jay R. Goad & Robert D. Henderson

Mr. Deppe made a motion to approve the resolutions with a second by Mr. Wertz. The motion passed.

Other Business

December 2015 Financial Report:

Ms. Linke presented reports updated through December receipts. The 399 Capital Investment Fund shows \$100,000 cashed in to pay for a portion of the school corporation Chrome Books resolution. The November 15 taxes received were higher than estimated, so she will share with Jeff Peters so he can update his estimates and perhaps understand why they came in so much higher, the original estimate being \$1.5 million and actual was \$1.9 million. There have been a couple other disbursements from INDOT and total interest earned for the year on those investments was \$60,287. Ms. Linke further highlighted the change in the estimated cash balance at year end was \$4.4 million.

Cash Flow Analysis Worksheet #25:

The tax revenue received was updated. Approved projects were moved from Projects Under Consideration to Approved Projects. And the resolutions received today were added to Projects Under Consideration. Included are only those being paid out of 311 or 399 funds. TIF bond payouts are tracked separately.

Public Comment and Announcements

Mr. Heuchan thanked Franklin College students for attending. He also reminded of the February 1st meeting with an agenda coming beforehand.

Bob Swinehammer from the Elks Lodge reported that the project is complete and the business open as of last Wednesday.

Angie Longtin reminded that the State of the City is February 9, 6:00 p.m., at the Artcraft.

There being no further business, the meeting was adjourned at 9:59 am.

Respectfully submitted this 1st day of February, 2016.

Bob Heuchan, President

BJ Deppe, Secretary